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**THIRTY-FIRST JUDICIAL DISTRICT  
PUBLIC DEFENDERS OFFICE**

Jennings, Louisiana

Annual Financial Statements  
As of and For the Year Ended December 31, 2008

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the entity and other appropriate public officials. The report is available for public inspection at the Baton Rouge office of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court.

Release Date 7/1/09

**THIRTY-FIRST JUDICIAL DISTRICT PUBLIC DEFENDERS OFFICE**

Jennings, Louisiana

Annual Financial Statements

As of and for the Year Ended December 31, 2008

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# Mike B. Gillespie, CPA

(A Professional Accounting Corporation)

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## INDEPENDENT AUDITOR'S REPORT

Thirty-First Judicial District Public Defenders Office  
Jefferson Davis Parish Police Jury  
Jennings, Louisiana

I have audited the governmental activities and the general major fund information of the Thirty-First Judicial District Public Defenders Office, which collectively comprises the basic financial statements as of and for the year ended December 31, 2008, as listed in the table of contents. These financial statements are the responsibility of the Thirty-first Judicial District Public Defenders Office's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with auditing standards generally accepted in the United States of America, and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. I believe that my audit provides a reasonable basis for my opinion.

In my opinion, the financial statements referred to in the first paragraph present fairly, in all material respects, the respective financial position of the governmental activities and the major fund information of the Thirty-First Judicial District Public Defenders Office, as of December 31, 2008, and the respective changes in financial position thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, I have also issued my report dated June 10, 2009, on my consideration of Thirty-First Judicial District Public Defenders Office's internal control over financial reporting and on my tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in conjunction with this report in considering the results of my audit.

The Public Defender, Thirty-First Judicial District has not presented a management's discussion and analysis that accounting principles generally accepted in the United States has determined is necessary to supplement, although not required to be part of, the basic financial statements. The budgetary comparison information on pages 17 to 19 is not a required part of the basic financial statements but is supplementary information required by accounting principles generally accepted in the United States of America. I have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, I did not audit the information and express no opinion on it.

*Mike B. Gillespie, CPA, APAC*

Jennings, Louisiana  
June 10, 2009

## **BASIC FINANCIAL STATEMENTS**

**THIRTY-FIRST JUDICIAL DISTRICT PUBLIC DEFENDERS OFFICE**  
**Governmental Fund Balance Sheet / Statement of Net Assets**  
**December 31, 2008**

**Statement A**

	<u>General Fund</u>	<u>Adjustments</u>	<u>Statement of Net Assets</u>
<b>ASSETS</b>			
Cash	\$ 160,796		160,796
Investments	298,981		298,981
Receivables, net	23,173		23,173
Accrued interest receivable	2,763		2,763
Capital assets, net of accumulated depreciation	-	8,769	8,769
Total Assets	<u>485,713</u>	<u>8,769</u>	<u>494,482</u>
<b>LIABILITIES</b>			
Accounts payable	852		852
Professional services payable	35,694		35,694
Salaries and benefits payable	5,121		5,121
Deferred revenue	894	(894)	-
Total Liabilities	<u>42,561</u>	<u>(894)</u>	<u>41,667</u>
<b>FUND BALANCE / NET ASSETS</b>			
Unreserved - undesignated	443,152	(443,152)	-
Total Fund Balances	<u>443,152</u>	<u>(443,152)</u>	<u>-</u>
Total Liabilities and Fund Balances	<u>\$ 485,713</u>		
<b>NET ASSETS</b>			
Invested in capital assets, net of related debt		8,769	8,769
Unrestricted		444,046	444,046
Total Net Assets		<u>\$ 452,815</u>	<u>452,815</u>

See accompanying notes and accountant's report.

**THIRTY-FIRST JUDICIAL DISTRICT PUBLIC DEFENDERS OFFICE**  
**Statement of Governmental Fund Revenues, Expenditures, and**  
**Changes in Fund Balances / Statement of Activities**  
**For the Year Ended December 31, 2008**

**Statement B**

	<u>General Fund</u>	<u>Adjustments</u>	<u>Statement of Activities</u>
<b>EXPENDITURES/ EXPENSES :</b>			
<b>Current</b>			
Judiciary:			
Professional legal services	\$ 431,434	-	431,434
Other contracted services	16,254	-	16,254
Personnel services and related benefits	80,746	-	80,746
Dues	3,017	-	3,017
Office expense	5,676	-	5,676
Travel, meals, & seminars	1,998	-	1,998
Depreciation expense	-	1,543	1,543
<b>Capital outlay</b>	7,198	(7,198)	-
Total Expenditures / Expenses	<u>546,323</u>	<u>(5,655)</u>	<u>540,668</u>
<b>PROGRAM REVENUES:</b>			
Court costs on fines and forfeitures	387,563	-	387,563
Fees from indigents	1,759	-	1,759
State grants and contributions- operating	155,585	-	155,585
Total Program Revenues	<u>544,907</u>	<u>-</u>	<u>544,907</u>
Net Program Expenses			<u>4,239</u>
<b>GENERAL REVENUES:</b>			
Interest earned	14,451	(942)	13,509
Total General Revenues	<u>14,451</u>	<u>(942)</u>	<u>13,509</u>
<b>EXCESS (Deficiency) OF REVENUES OVER EXPENDITURES</b>	13,035	(13,035)	-
<b>CHANGE IN NET ASSETS</b>	-	17,748	17,748
<b>FUND BALANCE / NET ASSETS:</b>			
Beginning of the Year	430,117	4,950	435,067
End of the Year	<u>\$ 443,152</u>	<u>9,663</u>	<u>452,815</u>

See accompanying notes and accountant's report.

## **NOTES TO THE BASIC FINANCIAL STATEMENTS**



# **THIRTY-FIRST JUDICIAL DISTRICT PUBLIC DEFENDERS OFFICE NOTES TO THE BASIC FINANCIAL STATEMENTS**

## **INTRODUCTION**

The Thirty-First Judicial District Public Defenders Office (the Organization), was established in compliance with Louisiana Revised Statutes 15:144-149 and modified by Act 307 implemented August 15<sup>th</sup> 2007. The Organization provides counsel to represent indigents (needy individuals) in criminal and quasi-criminal cases at the district court level. The Thirty-First Judicial District encompasses Jefferson Davis Parish.

The Organization is composed of a Chief District Public Defender who works under the supervision of the Louisiana Public Defender Office. A State Louisiana Public Defender Board governs the Louisiana Public Defender Office.

Revenues to finance the Organization's operations are primarily provided from court costs on fines imposed by the Thirty-First Judicial District Court and the City of Jennings Court, and State Revenues received through distributions from the Louisiana Public Defender Office.

## **1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

### **A. BASIS OF PRESENTATION**

The accompanying basic financial statements of the Organization have been prepared in conformity with governmental accounting principles generally accepted in the United States of America. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The accompanying basic financial statement have been prepared in conformity with GASB Statement 34, *Basic Financial Statements-and Management's Discussion and Analysis-for State and Local Governments*, issued in June 1999.

### **B. REPORTING ENTITY**

For financial statement reporting purposes, the Organization is a part of the district court system of the State of Louisiana. However, the state statutes that create the Organizations also give each of the Organizations control over all of their operations. This includes the hiring and retention of employees, authority over budgeting, responsibility for deficits, and the receipt and disbursement of funds. The Organization is financially independent and operates independently from the district court system. The accompanying financial statements include only the transactions of the Organization.

### **C. FUND ACCOUNTING**

The Organization uses funds to maintain its financial records during the year. Fund accounting is designed to demonstrate legal compliance and to aid management by segregating transactions related to certain board functions and activities. A fund is defined as a separate fiscal and accounting entity with a self-balancing set of accounts.

#### **Governmental Funds**

Governmental funds account for all or most of the Organization's general activities. These funds focus on the sources, uses, and balances of current financial resources. Expendable assets are assigned to the various governmental funds according to the purposes for which they may be used. Current liabilities are assigned to the fund from which they will be paid. The difference between a governmental fund's assets and liabilities is reported as fund balance. In general, fund balance represents the accumulated expendable resources which may be used to finance future period programs or operations of the Organization. The following are the Organization's governmental funds:

## **THIRTY-FIRST JUDICIAL DISTRICT PUBLIC DEFENDERS OFFICE NOTES TO THE BASIC FINANCIAL STATEMENTS**

**General Fund** – the primary operating fund of the Organization and it accounts for all financial resources, except those required to be accounted for in other funds. The General Fund is available for any purpose provided it is expended or transferred in accordance with state and federal laws and according to board policy.

### **D. MEASUREMENT FOCUS / BASIS OF ACCOUNTING**

#### **Fund Financial Statements (FFS)**

The amounts reflected in the General Fund of Statements A and B, are accounted for using a current financial resources measurement focus. With this measurement focus, only current assets and current liabilities are generally included on the balance sheet. The statement of revenues, expenditures, and changes in fund balances reports on the sources (i.e., revenues and other financing sources) and uses (i.e., expenditures and other financing uses) of current financial resources. This approach is then reconciled, through adjustment, to a government-wide view of Organization's operations.

The amounts reflected in the General Fund of Statements A and B use the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual (i.e., when they become both measurable and available). Measurable means the amount of the transaction can be determined and available means collectible within the current period or soon enough thereafter to pay liabilities of the current period. The Organization considers all revenues available if they are collected within 60 days after the fiscal year end. Expenditures are recorded when the related fund liability is incurred, except for interest and principal payments on general long-term debt which is recognized when due, and certain compensated absences and claims and judgments which are recognized when the obligations are expected to be liquidated with expendable available financial resources. The governmental funds use the following practices in recording revenues and expenditures:

#### **Revenues**

Court costs on fines and forfeitures are recorded in the month that the amounts are collected by the appropriate courts since they are measurable and available.

#### **Expenditures**

Expenditures are recognized under the modified accrual basis of accounting when the related fund liability is incurred.

#### **Government-Wide Financial Statements (GWFS)**

The column labeled Statement of Net Assets (Statement A) and the column labeled Statement of Activities (Statement B) display information about the board as a whole. These statements include all the financial activities of the Organization. Information contained in these columns reflect the economic resources measurement focus and the accrual basis of accounting. Revenues, expenses, gains, losses, assets and liabilities resulting from exchange or exchange-like transactions are recognized when the exchange occurs (regardless of when cash is received or disbursed). Revenues, expenses, gains, losses, assets and liabilities resulting from nonexchange transactions are recognized in accordance with the requirements of GASB Statement No. 33, *Accounting and Financial Reporting for Nonexchange Transactions*.

**Program Revenues** – Program revenues included in the column labeled Statement of Activities (Statement B) are derived directly from users as a fee for services; program revenues reduce the cost of the function to be financed from the Organization's general revenues.

# **THIRTY-FIRST JUDICIAL DISTRICT PUBLIC DEFENDERS OFFICE** **NOTES TO THE BASIC FINANCIAL STATEMENTS**

## **Reconciliation**

Reconciliation of the items reflected in the funds columns to the Statement of Activities (Statement B) and Statement of Net Assets (Statement A) are as follows:

## **Reconciliation of Total Governmental Fund Balance to Net Asset of Governmental Activities:**

Total Ending Fund Balance – Governmental Fund	\$	443,152
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Amounts reported for governmental activities in the statement of net assets are different because:

Capital assets used in governmental activities are not financial resources and therefore are not reported as assets in governmental funds.

Cost of capital assets	\$	11,920	
Accumulated depreciation		(3,151)	8,769

Accrued interest income receivable on investments that is not available within sixty days of year end is reported as deferred revenues in the governmental funds since not considered current financial resources.

894

Net Assets	\$	<u>452,815</u>
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## **Reconciliation of Statement of Revenues, Expenditures, and Changes in Fund Balance of Governmental Funds to the Statement of Activities**

Total Net Change in Fund Balance – Governmental Funds	\$	13,035
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Amounts reported for governmental activities in the statement of activities are different because:

Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which depreciation expense exceeds capital outlays in the current period:

Depreciation expense	(1,543)	
Capital outlay expense	\$	<u>7,198</u>
		5,655

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the governmental funds.

Interest revenue	<u>(942)</u>
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Change in Net Assets of Governmental Activities	\$	<u>17,748</u>
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## **THIRTY-FIRST JUDICIAL DISTRICT PUBLIC DEFENDERS OFFICE NOTES TO THE BASIC FINANCIAL STATEMENTS**

### **E. DEPOSITS AND INVESTMENTS**

Deposits and investments include amounts in demand deposits, interest-bearing demand deposits, and money market accounts. Under state law, the Organization may deposit funds in demand deposits, interest-bearing deposits, money market accounts, or time deposits with state banks organized under Louisiana Law or any other state of the United States, or under the laws of the United States.

Investments are limited by Louisiana Revised Statute (R.S.) 33:2955 since the board does not have a formal investment policy. Funds which are available for investment and above immediate cash requirements can be invested in statutorily sanctioned investments including direct U.S. Treasury obligations, bonds, debentures, notes issued by or guaranteed by federal agencies, or certificates, or time certificates of deposit in any bank domiciled or having a branch office in Louisiana or any other federally insured investment. Statutorily sanctioned investments also include funds invested with external local government investment pools such as Louisiana Assets Management Pool.

When investments are present in the financial statements they are reflected at fair value except for the following which are permitted per GASB Statement 31, *Accounting and Financial Reporting for Certain Investments and for External Investment Pools*:

- 1) Investments in *nonparticipating* interest-earning contracts, such as nonnegotiable certificates of deposit with redemption terms that do not consider market rates, are reported using a cost-based measure. Interest-earning investment contracts include time deposits with financial institutions (such certificates of deposit), repurchase agreements, and guaranteed investment contracts.
- 2) Money-market investments and *participating* interest-earning investment contracts that have a remaining maturity at time of purchase of one year or less are reported at amortized cost. Money market investments are short-term, highly liquid debt instruments that include U.S. Treasury obligations.

### **F. CAPITAL ASSETS**

#### **Fund Financial Statements**

In the fund financial statements, fixed assets used in governmental fund operations are accounted for as capital outlay expenditures of the governmental fund upon acquisition.

#### **Government-wide Financial Statements**

In the government-wide financial statements, fixed assets are accounted for as capital assets. Capital assets are capitalized at historical cost or estimated historical cost if historical cost is not available. Donated assets are recorded as capital assets at their estimated fair market value at the date of donation. The Organization maintains a threshold level of \$1,000 or more for capitalizing capital assets. Additions, improvement and other capital outlays that significantly extend the useful life of an asset are capitalized. Other costs incurred for repairs and maintenance are expensed as incurred.

Depreciation of all exhaustible capital assets is recorded as an expense in the Statement of Activities, with accumulated depreciation reflected in the Statement of Net Assets. Depreciation is provided over the assets' estimated useful lives using the straight-line method of depreciation. The estimated useful life by type of assets is as follows:

Office equipment	5 years
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## **THIRTY-FIRST JUDICIAL DISTRICT PUBLIC DEFENDERS OFFICE NOTES TO THE BASIC FINANCIAL STATEMENTS**

### **G. FUND EQUITY**

#### **Fund Financial Statements**

Governmental fund equity is classified as fund balance. Fund balance is further classified as reserved and unreserved, with unreserved displayed as either designated or undesignated. In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriations or are legally restricted by outside parties for use for a specific purpose. Any designations of fund balance represent tentative management plans that are subject to change.

#### **Government-wide Financial Statements**

Equity is classified as net assets and displayed in three components:

Invested in capital assets – Consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes or other borrowings that are attributable to the acquisition, construction or improvement of those assets.

Restricted net assets – Consists of net assets with constraints placed on the use either by external groups such as creditors, grantors, contributors, or laws or regulations of other governments; or law through constitutional provisions or enabling legislation.

Unrestricted net assets – All other net assets that do not meet the definition of “restricted” or “invested in capital assets, net of related debt”.

When both restricted and unrestricted resources are available for use, it is the Organization’s policy to use restricted resources first, then unrestricted resources as they are needed.

### **H. ESTIMATES**

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America require management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues, expenditures, and expenses during the reporting period. Actual results could differ from those estimates.

### **I. COMPENSATED ABSENCES**

The Organization’s employees earn up to a maximum of 10 days vacation leave per year after 1 to 3 years of service; 15 days vacation leave per year after 4 to 12 years of service; and 25 days vacation leave per year after 12 years of service. Vacation leave cannot be carried over and must be used during the year. Any vacation leave not used at year end is forfeited.

Employees earn one day of sick leave per month worked which can be accumulated up to 30 days. Upon termination, employees are not paid for unused sick leave. Due to the uncertainty of actual amount which will be paid for sick leave and the due to the fact that sick leave is forfeited upon termination, no accruals have been made at year end for such absences.

**THIRTY-FIRST JUDICIAL DISTRICT PUBLIC DEFENDERS OFFICE  
NOTES TO THE BASIC FINANCIAL STATEMENTS**

**2. EXCESS OF EXPENDITURES OVER APPROPRIATIONS**

The following individual funds had actual expenditures over budgeted appropriations for the year ended December 31, 2008:

<u>Fund</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Unfavorable Variance</u>
None	\$	\$	\$	\$

**3. DEPOSITS AND INVESTMENTS**

**Deposits**

The year end balances of deposits are as follows:

<u>Deposit Type</u>	<u>Bank Balances</u>	<u>Reported Amount</u>
Cash –demand deposits	\$ 24,786	\$ 24,712
Cash –time and savings deposits	136,084	136,084
Totals	<u>\$ 160,870</u>	<u>\$ 160,796</u>

Under state law, these deposits (or the resulting bank balances) must be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent bank. The market value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the fiscal agent. These securities are held in the name of the pledging fiscal agent bank in a holding or custodial bank.

Custodial credit risk is the risk that in the event of a bank failure, the Organization's deposits may not be returned to it. The Board's deposit policy for custodial credit risk requires that all uninsured deposits must be secured with acceptable collateral as defined in LRS 38:1221 valued at market. As of December 31, 2008, the Board had deposits (collected bank balances) totaling \$160,870. Of these bank deposit balances, none were exposed to custodial credit risk.

Even though pledged securities are considered subject to custodial credit risk under the provisions of GASB Statement 40, *Deposits and Investment Risk Disclosures*, R.S. 39:1229 imposes a statutory requirement on the custodial bank to advertise and sell the pledged securities within 10 days of being notified by the Board that the fiscal agent has failed to pay deposited funds upon demand.

**Investments**

At December 31, 2008, investments and maturities were as follows:

<u>Investment Type</u>	<u>Fair Value</u>	<u>Investment Maturities (in Years)</u>	
		<u>Less Than 1</u>	<u>1-5</u>
Certificates of deposits- nonnegotiable	\$ 298,981	\$ 244,221	\$ 54,760
Totals	<u>\$ 298,981</u>	<u>\$ 244,221</u>	<u>\$ 54,760</u>

**THIRTY-FIRST JUDICIAL DISTRICT PUBLIC DEFENDERS OFFICE**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**

Credit risk is defined as the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The Organization does not have a written investment policy, but does adhere to State laws regarding allowable investments. The above investments are not rated.

For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the Board will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. Of the investments listed above, \$55,063 were exposed to custodial credit risk as follows: Uninsured and collateral held by pledging institution's agent not in the Board's name \$55,063; Uninsured and uncollateralized \$0.

**4. RECEIVABLES**

The receivables of \$23,173 are comprised of the following:

Class of Receivable	
Court Costs on Fines & Forfeitures	\$ 23,173
Less Allowance for Doubtful Accounts	-
Total	\$ <u>23,173</u>

**5. CAPITAL ASSETS**

Capital assets and depreciation activity as of and for the year ended December 31, 2008, is as follows:

	Balance Beginning	Additions	Dispositions	Balance Ending
Capital assets being depreciated:				
Furniture and equipment	4,722	7,198	-	11,920
Total capital assets being Depreciated	4,722	7,198	-	11,920
Less accumulated depreciation for:				
Furniture and equipment	1,608	1,543	-	3,151
Total accumulated Depreciation	1,608	1,543	-	3,151
Capital assets, net	\$ <u>3,114</u>	<u>5,655</u>	<u>-</u>	<u>8,769</u>

**6. ACCOUNTS, SALARIES, AND OTHER PAYABLES**

The payables of \$42,561 of were comprised of the following:

Professional Legal Services	\$ 35,694
Other Contracted Services	367
Office Expenses	485
Salaries and Benefits	5,121
Deferred Revenue	894
Total	\$ <u>42,561</u>

## **THIRTY-FIRST JUDICIAL DISTRICT PUBLIC DEFENDERS OFFICE NOTES TO THE BASIC FINANCIAL STATEMENTS**

### **7. LITIGATION**

There is no litigation pending against the Organization at December 31, 2008.

### **8. SIGNIFICANT CONTRACTUAL AGREEMENTS**

The Organization has entered into contracts with six attorneys to provide criminal defense legal services to the Thirty-First Judicial District Court, Ward 2 Court and the Jennings City Court as appointed by the presiding judge of each court. Under the terms of each contract four of the attorney's are individually paid \$77,688 annually (\$6,474 monthly flat amount), one attorney is paid \$36,000 annually (\$3,000 monthly flat amount), and the Chief Public Defender is paid 81,572 annually (\$6,798 monthly flat amount). In addition, per contractual agreement, the Organization pays each attorney's dues for membership in the Louisiana Association of Criminal Defense Attorneys and the Louisiana Public Defender Association (LPDA), in addition to reasonable expenses for contract attorney's to attend seminars sponsored by the LPDA.

### **9. RISK MANAGMENT**

The Organization is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees/ independent contractors; and natural disasters. The Board does not presently carry commercial insurance for any of the above identified risk. The Organization does require each contracted attorney to provide proof of professional liability insurance coverage with a minimum liability limit of \$500,000. Therefore, it is probable that the Organization has retained some risk of loss with respect to the various aforementioned risks. There is no provision in the financial statements for potential claims that may have been retained. The Organization has not incurred any claims or settlements of claims for any risks in any of the past three years.

### **10. PENSION PLAN**

#### **Parochial Employees' Retirement System of Louisiana (PERS)**

**Plan Description.** All employees of the Organization are members of the Parochial Employees' Retirement System of Louisiana (System), a cost-sharing, multiple-employer defined benefit pension plan administered by a separate board of trustees. The System is composed of two distinct plans, Plan A and Plan B, with separate assets and benefit provisions. All employees of the Organization are members of Plan A.

All permanent employees working at least 28 hours per week who are paid wholly or in part from parish funds and all elected parish officials are eligible to participate in the System. Under Plan A, employees who retire at or after age 60 with at least 10 years of creditable service, at or after age 55 with at least 25 years of creditable service, or at any age with at least 30 years of

creditable service are entitled to a retirement benefit, payable monthly for life, equal to 3% of their final-average salary for each year of creditable service. However, for those employees who were members of the supplemental plan only before January 1, 1980, the benefit is equal to 1% of final average salary plus \$24 for each year of supplemental-plan-only service earned before January 1, 1980. Final-average salary is the employee's average salary over the 36 consecutive or joined months that produce the highest average. Employees who terminate with at least the amount of creditable service stated above and do not withdraw their employee contributions may retire at the ages specified above and receive the benefit accrued to their date of termination. The System also provides death and disability benefits. Benefits are established or amended by state statute.



## THIRTY-FIRST JUDICIAL DISTRICT PUBLIC DEFENDERS OFFICE NOTES TO THE BASIC FINANCIAL STATEMENTS

The System issues an annual publicly available financial report that includes financial statements and required supplementary information for the System. That report may be obtained by writing to the Parochial Employees' Retirement System, Post Office Box 14619, Baton Rouge, Louisiana 70898-4619.

**Funding Policy.** Under Plan A, members are required by state statute to contribute 9.5% of their annual covered salary and the district is required to contribute at an actuarially determined rate. The current rate is 12.75% of annual covered payroll. Contributions to the System also include one-fourth of one percent (except Orleans and East Baton Rouge parishes) of the taxes shown to be collectible by the tax rolls of each parish. These tax dollars are divided between Plan A and Plan B based proportionately on the salaries of the active members of each plan. The contribution requirements of plan members and the Organization are established and may be amended by state statute. As provided by R.S. 11:103, the employer contributions are determined by actuarial valuation and are subject to change each year based on the results of the valuation for the prior fiscal year. The Organization's contributions to the System under Plan A for the years ending December 31, 2008, 2007, and 2006, were \$8,541, \$2,630, and \$0, respectively, equal to the required contributions for each year.

### 11. CONCENTRATIONS

The majority of revenue earned by the Organization comes from the District Court of the Thirty-first Judicial District and the City Court of Jennings in the form of court costs.

### 12. GOVERNMENTAL FUND REVENUES AND EXPENDITURES

For the year ended December 31, 2008, the major sources of governmental fund revenues were as follows:

	<b>Governmental Fund Revenues</b>
State Government	
Grants	\$ 155,585
Total	<u>155,585</u>
Local Government	
Statutory fines, forfeitures, fees, court cost, and other	387,563
Total	<u>387,563</u>
Charges for Services	1,759
Investment Earnings	<u>14,451</u>
Total Revenues	\$ <u><u>559,358</u></u>

**THIRTY-FIRST JUDICIAL DISTRICT PUBLIC DEFENDERS OFFICE**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**

For the year ended December 31, 2008, the major sources of governmental fund expenditures were as follows:

	<b>Governmental Fund Expenditures</b>
Personnel Services and Benefits	
Salaries	\$ 62,940
Retirement contributions	8,541
Insurance	4,450
Payroll taxes	4,815
Total	<u>80,746</u>
Professional Development	
Dues, licenses, and registrations	3,017
Travel	1,998
Total	<u>5,015</u>
Operating Costs	
Library and research	-
Contract services –attorney/legal	431,434
Contract services –other	16,254
Supplies	710
Repairs and maintenance	3,205
Utilities and telephone	851
Other	910
Total	<u>453,364</u>
Capital Outlay	<u>7,198</u>
Total Expenditures	\$ <u><u>546,323</u></u>

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## **REQUIRED SUPPLEMENTAL INFORMATION**

**THIRTY-FIRST JUDICIAL DISTRICT PUBLIC DEFENDERS OFFICE**  
**GOVERNMENTAL FUND - GENERAL FUND**  
**Budgetary Comparison Schedule**  
**For the Year Ended December 31, 2008**

**Schedule 1**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance With</u>
	<u>Original</u>	<u>Final</u>	<u>Amounts</u>	<u>Final Budget</u>
				<u>Positive</u>
				<u>(Negative)</u>
<b>REVENUES</b>				
Court costs on fines and forfeitures	\$ 429,000	\$ 429,000	\$ 387,563	\$ (41,437)
Fees from indigents	-	-	1,759	1,759
State grants and contributions	-	-	155,585	155,585
Interest	5,000	5,000	14,451	9,451
Total Revenues	<u>434,000</u>	<u>434,000</u>	<u>559,358</u>	<u>125,358</u>
<b>EXPENDITURES</b>				
Current				
Judicial:				
Professional legal services	517,628	517,628	431,434	86,194
Other contracted services	15,000	15,000	16,254	(1,254)
Personnel services and related benefits	46,200	46,200	80,746	(34,546)
Dues	2,700	2,700	3,017	(317)
Office expense	7,510	7,510	5,676	1,834
Travel, meals, & seminars	2,500	2,500	1,998	502
Capital outlay	3,000	3,000	7,198	(4,198)
Total Expenditures	<u>594,538</u>	<u>594,538</u>	<u>546,323</u>	<u>48,215</u>
EXCESS (Deficiency) OF REVENUES OVER EXPENDITURES	<u>(160,538)</u>	<u>(160,538)</u>	<u>13,035</u>	<u>173,573</u>
FUND BALANCES BEGINNING OF YEAR	<u>430,117</u>	<u>430,117</u>	<u>430,117</u>	<u>-</u>
FUND BALANCES END OF YEAR	<u>\$ 269,579</u>	<u>\$ 269,579</u>	<u>\$ 443,152</u>	<u>\$ 173,573</u>

The accompanying notes are an integral part of this statement.

**THIRTY-FIRST JUDICIAL DISTRICT PUBLIC DEFENDERS OFFICE**  
**Notes to Budgetary Comparison Schedule**  
**For the Year Ended December 31, 2008**

**A. BUDGETARY PRACTICES**

**General Budget Practices** The Public Defenders Office follows the following procedures in establishing budgetary data reported in the accompanying budgetary comparison schedule:

Pursuant to the Louisiana Government Budget Act (LSA-RS 39:1301-1314), the Public Defenders Office is required to adopt an annual budget no later than fifteen days prior to the beginning of each fiscal year.

Each year prior to December 15<sup>th</sup>, the Public Defenders Office develops a proposed annual budget for the general fund. The budget includes proposed expenditures and the means of financing them. The proposed budget is advertised as available for public inspection at least 10 days prior to final adoption simultaneously with a notice of the date of public hearing. The public hearing is conducted during an open meeting to obtain public input. The budget is subsequently adopted by the Public Defenders Office through a formal budget resolution.

General fund appropriations (unexpended budget balances) lapse at end of fiscal year.

Encumbrance accounting, under which purchase orders are recorded in order to reserve that portion of the applicable appropriation, is not employed.

Formal budget integration (within the accounting records) is not employed as a management control device. The budget is controlled at the object level. Budget amounts included in the accompanying financial statements include the original budget and all subsequent amendments. All budget revisions are approved by the Chief Public Defender.

**Budget Basis of Accounting** The governmental fund budgets are prepared on the modified accrual basis of accounting, a basis consistent with accounting principles generally accepted in the United States of America (GAAP). Legally, the Public Defenders Office cannot budget total expenditures and other financing uses which would exceed total budgeted revenues and other financing sources including beginning fund balance. State statutes require the Public Defenders Office to amend the budget to prevent overall projected revenues, expenditures, or beginning fund balance from causing an adverse budget variance of five percent or more in an individual fund. The Public Defenders Office approves budgets at the object level and management is allowed to transfer amounts between line items within an object.

**B. EXCESS OF EXPENDITURES OVER APPROPRIATIONS IN INDIVIDUAL MAJOR FUNDS**

The following budgeted major funds had actual expenditures over budgeted expenditures for the fiscal year:

<u>Fund</u>	<u>Final</u> <u>Budget</u>	<u>Actual</u>	<u>Unfavorable</u> <u>Variance</u>
None	\$	\$	\$

Reason for unfavorable variance: Not applicable.

## OTHER REPORTS

# Mike B. Gillespie, CPA

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## **INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS IN ACCORDANCE WITH *GOVERNMENTAL AUDITING STANDARDS***

Thirty-First Judicial District Public Defenders Office  
Jennings, Louisiana

I have audited the financial statements of the governmental activities and the major fund information of the Thirty-first Judicial District Public Defenders Office (Public Defenders Office), as of and for the year ended December 31, 2008, which collectively comprises the Public Defenders Office's basic financial statements and have issued my report thereon dated June 10, 2009. I conducted my audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

### **Internal Control Over Financial Reporting**

In planning and performing my audit, I considered the Public Defenders Office's internal control over financial reporting as a basis for designing my auditing procedures for the purpose of expressing my opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Public Defenders Office's internal control over financial reporting. Accordingly, I do not express an opinion on the effectiveness of the Public Defenders Office's internal control over financial reporting.

My consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. However, as discussed below, I identified certain deficiencies in internal control over financial reporting that I consider to be significant deficiencies.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the Public Defenders Office's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the Public Defenders Office's financial statements that is more than inconsequential will not be prevented or detected by the Public Defenders Office's internal control. I consider the control deficiency described in the accompanying schedule of findings and responses as item 1996-1 and 2007-1 to be a significant deficiency in internal control over financial reporting.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the Public Defenders Office's internal control.

My consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. However, I believe that none of the significant deficiencies described above is a material weakness.

#### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the Public Defenders Office's financial statements are free of material misstatement, I performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of my audit and, accordingly, I do not express such an opinion. The results of my tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

\* \* \* \* \*

This report is intended for the information of management, others within the organization and the Louisiana Legislative Audit Advisory Council and is not intended to be and should not be used by anyone other than these specified parties. However, this report is a matter of public record and its distribution is not limited.

*Mike B. Gillespie, CPA, APAC*

Certified Public Accountant  
Jennings, Louisiana  
June 10, 2009



**THIRTY-FIRST JUDICIAL DISTRICT PUBLIC DEFENDERS OFFICE**  
**Jennings, Louisiana**  
**SCHEDULE OF FINDINGS AND RESPONSES**  
**For the Year Ended December 31, 2008**

**SECTION I - INTERNAL CONTROL AND COMPLIANCE MATERIAL TO FINANCIAL STATEMENTS**

**Current Year Findings:**

**Item: 1996-1**

Finding/ Specific Requirement: Internal control weakness due to lack of adequate segregation of duties. Due to the size of operations, the Board does not have adequate segregation of functions within the accounting system. This condition also existed in prior years. Lack of adequate segregation of duties is a material weakness in internal controls that can result in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected.

Recommendation: Based upon the size of the operations and the cost-benefit of additional personnel, it may not be feasible to achieve complete segregation of duties. Management should try to employ procedures whereby no one employee or staff member should have access to both physical assets and the related accounting records or to all phases of a transaction.

Management Response: Corrective action not considered feasible.

**Item: 2007-1**

Finding/ Specific Requirement: The Organization does not have a staff person who has the qualifications and training to apply generally accepted accounting principles (GAAP) in preparing its financial statements, including related notes.

Recommendation: N/A

Management Response: Management believes that the present staff is fully competent to perform their assigned duties and has determined it is most cost effective to request that the auditor assist in drafting the financial statements and notes. Management will continue to review the drafted financial statements and notes prior to approving them and accepting responsibility for their content and presentation. No further corrective action is considered feasible.

**SECTION II - INTERNAL CONTROL AND COMPLIANCE MATERIAL TO FEDERAL AWARDS**

No findings reported.

**SECTION III - MANAGEMENT LETTER**

No findings reported.

**THIRTY-FIRST JUDICIAL DISTRICT PUBLIC DEFENDERS OFFICE**  
Jennings, Louisiana

**MANAGEMENT'S CORRECTIVE ACTION PLAN FOR  
CURRENT YEAR FINDINGS**  
For the Year Ended December 31, 2008

**SECTION I –INTERNAL CONTROL AND COMPLIANCE MATERIAL TO FINANCIAL  
STATEMENTS**

No findings requiring further corrective action to report.

**SECTION II –FEDERAL AWARD FINDINGS AND QUESTIONED COSTS**

No current year findings reported.

**SECTION III –MANAGEMENT LETTER**

No current year findings reported.

\* \* \* \* \*

THIS SCHEDULE HAS BEEN PREPARED BY MANAGEMENT

**THIRTY-FIRST JUDICIAL DISTRICT PUBLIC DEFENDERS OFFICE**  
Jennings, Louisiana

**MANAGEMENT'S SCHEDULE OF PRIOR YEAR FINDINGS**  
For the Year Ended December 31, 2008

**SECTION I –INTERNAL CONTROL AND COMPLIANCE MATERIAL TO FINANCIAL STATEMENTS**

No findings requiring further corrective action to report.

**SECTION II –FEDERAL AWARD FINDINGS AND QUESTIONED COSTS**

No findings reported.

**SECTION III –MANAGEMENT LETTER**

No findings reported.

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THIS SCHEDULE HAS BEEN PREPARED BY MANAGEMENT